

9 Students as professionals: The audit experience

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Introduction

Continued changes to the environment in which accountants work particularly in relation to globalisation of the financial markets and continual technological advances have contributed to an ongoing focus on the skillset of professional accountants (Al-Htaybat et al., 2018). Work has migrated from the technical and process based (e.g. book-keeping) to focus on analysis and interpretation of large datasets. Accountants are increasingly relied upon to adopt a critical mindset and communicate their findings in an appropriate manner throughout organisations and externally to interested stakeholders.

Against this backdrop, research continues to show that whilst accounting students are technically proficient, they often lack transferrable skills which are important to potential employers and advancement in the workplace (Paisey and Paisey, 2010). Many university degrees offer students the opportunity to undertake a placement year in industry, however not all do so. Those who undertake a placement benefit from an extended opportunity to develop their skills in the workplace (Paisey and Paisey, 2010) before returning to complete their studies. Those who choose not to identify a number of barriers, including already having sufficient work experience, placement applications distracting from studies, a preference for a year abroad, and inability to find an attractive placement to apply to, amongst others (Shepherd and Sumner, 2018). For students who may have little or no work experience, exposure to the wider development of skills to foster their employability is particularly relevant.

This chapter outlines student reflections on the blend of skills required for the workplace following an active learning experience offered on an optional third year module at a UK university.

Experiential learning involves students participating and learning from an experience which helps them relate their studies to the real world. Assessment based on such experiences is referred to as authentic assessment (Palm, 2008). The audit experience facilitates a condensed version of experiential learning and authentic assessment which might otherwise

only be available to those undertaking professional placements (Paisey and Paisey, 2010). In so doing, it facilitates an understanding of the blend of skills required to establish professional credibility (Jones, 2014).

This study adds to the emerging body of research on experiential learning within the curriculum as a means of developing a blend of student employability skills (Jones, 2014) and is one of the first studies to consider this approach in an auditing context.

The chapter is organised as follows. The next section reviews the existing literature in the context of generic skill development and draws on the skills literature to frame the research. The following section describes the methodology and method adopted, which is followed by the results and discussion. The conclusions of the study are discussed in the final section along with the limitations and possible avenues for future research.

Literature review

The literature in this emerging area highlights two key areas: 1) the issues facing accounting education in finding a balance between technical skills and generic skills, and 2) how experiential learning may contribute in addressing this tension without sacrificing quality.

Generic skills development has consistently been an area of focus for accounting research and is, for example, the second largest category of articles in the journal *Accounting Education* between 1992 and 2011 (Jackling et al., 2013). Recent literature reviews indicate that interest in student competencies continues (Apostolou et al., 2018).

It appears that accounting students tend to focus on the importance of technical skills whilst employers focus on generic skills (Jackling and De Lange, 2009). This leads to a mismatch or expectation gap between the students and employers (Jackling and De Lange, 2009; Howcroft, 2017). The importance of generic skills is also evident in the marketing materials of the 'Big Four' professional services firms (i.e. Deloitte, Ernst and Young, KPMG and PricewaterhouseCoopers (PwC)), professional bodies (i.e. Institute of Chartered Accountants in England and Wales (ICAEW), 2018) as well as in the wider recruitment market.

In relation to Big Four graduate recruitment materials, for example, 'The PwC Professional focuses on five core attributes; whole leadership, technical capabilities, business acumen, global acumen and relationships' (PwC, 2018). Numerical and other technical skills are assessed through online testing as part of the initial screening process. This indicates that such skills are assumed in the process which is consistent with the practices of large recruiters of trainee accountants.

In an audit environment it is essential that individuals can swiftly establish professional credibility (Jones, 2014) with clients to facilitate co-operation of client staff in the process and the timely completion of

the audit. Jones (2014) identified communication, technical skills, team skills, business awareness and 'X-factor skills' (e.g. confidence, self-awareness, professional attitude) as important components in the overall skillset of trainee accountants. The skills identified are consistent with an analysis of job adverts that found that 'Overall, a team player with a positive attitude and good communication skills appeared to be the most valued behavioural skill as perceived by employers' (Tan and Laswad, 2018: 403). An understanding of the attitudes and behaviours required to establish credibility is difficult to establish in a classroom environment where each skill is practiced in isolation.

A number of suggestions have been put forward in the literature to help students develop the skills that they need for the workplace including virtual internships which rely on students working through a simulation exercise (Bayerlein, 2015) or case based audit simulations (Bautista-Mesa et al., 2018), adopting 'high impact' practices to develop soft skills (Pernsteiner, 2015).

This quest to develop a relevant blend of technical and generic skills has driven the growth of what is known as authentic assessment (Ashford-Rowe et al., 2014), a term which has increased in use since the late 1980s (Palm, 2008). This type of assessment helps to align student experiences to activities undertaken in the outside world, providing students with exposure to workplace experiences in a controlled manner, to support their learning (Stein et al., 2004).

The approach undertaken by this study sought to expand student understanding of the broader skillset required by accountants to establish professional credibility through offering students the opportunity to undertake audit work with a real client as part of their audit module.

Methodology

The study applies an action research method which is based upon a participatory inquiry paradigm (Guba and Lincoln, 2011). Action research is grounded in a practical understanding of knowledge leading to changes in practice, and is a post-positivist research method (Baskerville and Wood-Harper, 1996). As such, action research rejects the positivist ideals of objectivity, rationality and truth (Carr and Kemmis, 2003).

Action research is a reflective process that focuses on change during the research process (McNiff, 2016) which is often characterised by means of cycles (Elliot, 1991). Each cycle typically has four stages; planning, acting, observing and reflecting (Zuber-Skerritt et al., 2002). Often a further step is added, namely the recognition of a need for change which stimulates the research in the first place (Curtis, 2017).

Although widely used in educational research, action research methods have not been widely used to date in the field of accounting education

research, and the number of published papers remains rather limited (Curtis, 2017). A criticism of action research is that the stages of action research are simply hallmarks of good teaching, however its proponents argue that the critical reflection involved can also contribute to changes of theory and practice. For example the problem solving process can be considered generalisable if others feel inspired to address similar problems in different contexts (Curtis, 2017).

This research design was selected as it promotes discourse about practice (Heikkinen et al., 2001) seeking to improve (by means of developing student understanding through reflection) the outcomes of students undertaking the experience (Kemmis, 2009). It is particularly well-suited to small scale practitioner-based enquiry (Paisey and Paisey, 2003) and is typically written in the first person. It aims to inform others of the process of enquiry including both the expected and the unexpected elements (Grant, 2007). Such details add to the authenticity of the account and highlight that practice-based research is not positioned as objective.

The study draws on the experiences of the instructors (the author and another colleague who jointly run the audit module) and quotes from both students and clients who participated in the various iterations of the experience.

In 2016/17 student and client feedback was collected on various aspects of the experience and a news story was created for the University website using student quotes. Ethical approval was received to use student reflections from the assessed assignment in 2017/18 and all participating students signed a consent form to this effect. It was felt that the students' own reflections would constitute a more reliable method of appraising this understanding of the development of their skillset rather than undertaking a survey as the group sizes were small and the experience was different for each group.

The next section outlines the processes and results of each cycle of research focusing on the problematisation, the first tentative steps to introduce changes to the module, then incorporation of the experience into the assessment of the module. Student reflections are compared to those of the instructors and client.

Findings and discussion

The action research project comprised a reconnaissance in 2015/16 followed by two cycles of delivery. During this period the module was delivered by the same two lecturers with seminar work primarily focused on case studies. Student numbers were broadly similar each year (around 54) on this optional final year module. In both cycles of delivery, the client interaction consisted of a two-hour meeting and up to three follow-up emails for each group. Two groups of four students participated in each of the cycles of delivery.

Reconnaissance and problematisation

The first stage of the process was to identify the research problem from an observation of the module (Haysom, 1985). The module had been constructed around case studies to help students apply the somewhat abstract knowledge of audit processes to different scenarios. Part of the assignment was a group case study building on the formative case study teaching throughout the module. The case studies, whilst useful in exposing students to specific learning and interpretative skills did not appear to help students to understand the process of establishing professional credibility with clients on an audit.

As a result, we felt that it was important to expose students to the interaction between an audit problem and a real client. The action research problem was how to develop student awareness of the importance of developing a blend of skills to establish professional credibility thereby bridging the gap between classroom-based learning and a professional work environment.

First cycle

In the first cycle, groups of students were asked to volunteer to participate in an 'audit experience' during the reading week. The work was assessed, and formative feedback was provided therefore students did not feel that participation might adversely affect their module mark. Students were asked to assess an inventory cycle and identify and report upon any control weaknesses with recommendations to the client. In this cycle two groups of four students participated, meeting with the client for two hours each. They were also able to send up to three follow up emails. The groups produced informative reports with clear control recommendations, which they presented to the client.

The client provided feedback in four areas informed by Jones (2014): professionalism (encompassing Jones' 'X factor' skills and commercial awareness), group work, communication skills, and the report. Whilst client comments on both groups praised the professional approach, they identified that the students might have demonstrated more confidence and enthusiasm. This was reinforced by further comments related to the communication skills between group members and between the group and the client. For example, the client observed that the students did not ask many questions during the process walk-through.

The final report was of a high quality and demonstrated that students had listened to the client: 'The students' report was very thorough, and our considerations were definitely taken into account by the group – it was great for the [. . .] team to be able to work with students' (Client feedback).

Students felt that the experience was beneficial in terms of helping them relate their studies to practice. One student, for example, noted that, 'The

experience gained from this task really helped us with our coursework' (Student feedback).

This experience prompted us to offer a similar experience in the second cycle and extend it to form part of the summative assessment of the module. We decided to do this to ensure that those participating did not also have the additional burden of the case study assessment and could devote their time to the audit experience without concern that it would adversely impact their module performance. In addition, the practice of our own reflection encouraged us to include an individual reflection (1,000 words) alongside the group assessment to enable all students to express their learning process beyond the technical (i.e. to reflect upon) and the challenges that they faced in completing their assessment (either case study or audit experience). We hoped that students undertaking the audit experience would start to address the importance of professional credibility.

Second cycle

In the second cycle, we extended the audit experience to form an optional part of the summative assessment. The alternative assessment task remained a desk-based group case study. Both assessments required an accompanying reflective piece of writing and for those undertaking the experience the client provided feedback.

Clear marking criteria were provided to the students at the outset so that they were aware of the expectations and the fact that the client would be providing feedback on their performance. Again, the clients scored the students on questioning, group work, professionalism, and communication skills constituting 10 per cent of the overall assessment.

Students were offered three experiences and asked to justify their choice of client so that the experience could be fairly allocated to the interested teams. In the event, two teams of four progressed to the experience. The task was similar to the first cycle and centred on a control process, identifying weaknesses and offering recommendations. The students met with the clients for around two hours and again were able to send up to three follow-up emails.

We evaluated the recognition of skills that combine to build professional credibility using the students' reflective writing. We also used the client feedback as a means of calibrating the student reflections on their skills. Unsurprisingly, we learned that for many of the participants, this represented an opportunity to gain experience within an organisation, which can be difficult to secure. Failure to evidence work experience can result in candidates being overlooked in recruitment to graduate roles. As one student pointed out, 'It's a rare chance for a student, especially someone without any work experience like me, to involve and work in real organisation' (Group 1, Student 2). Others appeared more instrumental

in their choice of the experience and related it directly to their CV rather than their own skills development and experience.

Questioning

Both teams identified a leader who led the questioning, however they did not appear to appreciate the importance of taking notes of the discussion and indicated they would have preferred to record the conversation. However, in a busy work situation this would not be standard practice, as the recording would require transcription to create a fuller set of notes. In addition, recording of conversations might undermine professional credibility and the candidness of the staff with the audit team.

The appointment of a leader was important as it provided the client with confidence that the group was organised, and the individuals had clear roles during the meeting. In future, we would suggest to the students to plan questions and split them across team members so that each is covering a logical part of the assignment. One student, for example, 'found it challenging to focus on coming with questions one after another to ask and take note of answers to each one of them' (Group 2, Student 2).

The pressure of the meeting made the students focus on the task in a different way to an exam or case study scenario as failure to ask the appropriate questions would mean that they would have gaps in their knowledge of the client processes. One student, however, stated that, 'I believe that we did well in asking questions, we asked the questions with manners, all the questions were appropriate, and we clarified our understanding' (Group 1, Student 1). This student recognised the importance of maintaining a professional approach to questioning as well as clarifying their understanding of the client responses. If misunderstandings persist, they can lead to inappropriate recommendations and a loss of credibility with the client. In contrast, one of Student 1's teammates felt they did not have sufficient confidence to ask the appropriate questions during the meeting and then felt that they did not make a sufficient contribution.

Group work

The student reflections identified that many had not thought beyond who would lead the questioning. For example, Group 2 had not prepared as diligently as they might have done prior to the meeting, and the client was 'left with the impression that there had been a lack of preparation' (Client 2).

The students' own reflections also identified that their lack of preparation had limited their effectiveness during the meeting. Thus, one student reflected, 'After the meeting, I think I should do more before meeting. The biggest problem is not enough preparation' (Group 2, Student 3).

Communication Skills

As the students reflected upon the overall experience, they identified the benefits derived from talking to employees across an organisation rather than perhaps relying on the 'official' explanations which enabled them to better understand the constraints as well as the needs of the stakeholders. One student described how, 'This was also great opportunity to learn the problem of an entity via different employee levels and derive a solution to accommodate all the needs to the primary users' (Group 1, Student 3).

They identified that the opportunity to have exposure to multiple perspectives may have led them to propose a different solution. As one student put it, 'Without this practical activity, seeing the same events may lead me to look at the whole event in a completely different ways, and I may take different actions' (Group 1, Student 4).

This comment underlines the importance of gaining a real insight into the needs of a client and the specific organisational dynamics. Students cannot easily get an insight into the importance of this contextual understanding without exposure to real businesses.

Professionalism

Students also reflected that the interaction with a real client was exciting to them, bringing auditing to life. At the same time, it was evident from clients' observations, the student reflections and our own observations of the meetings (where we accompanied students but did not take part) that the students from both groups felt very apprehensive and unsure of themselves in conducting the client meeting. The lack of confidence led to one group failing to establish credibility in a professional manner as would be expected when entering a meeting (Jones, 2014), with one student noting how 'This led us to being extremely nervous and unfortunately caused unprofessionalism of not introducing ourselves' (Group 1, Student 3).

Whilst both teams greatly benefitted from the experience, we felt that the students might have been better briefed in terms of business etiquette as both teams failed to introduce themselves. The student reflections identify that this is an important part of the process of establishing credibility in business. Hence, as one student said, 'I will definitely remind myself to greet and introduce myself before getting anything to start' (Group 1, Student 1).

Prior to running another audit experience, we would run a further session for participants on how to run a client meeting to ensure that the teams had a clear idea how the meeting would be structured and to help them to plan their questioning in advance. This might help them to establish credibility with the client more easily.

The reflections indicate that participants did feel the task was challenging as it exposed them to a new experience. However, they appeared

to have appreciated the opportunity to develop their skillset in a real life environment.

The experience combined the application of technical skills with generic skill development that students often struggle to appreciate within the confines of the classroom. Their reflections indicate that they identified areas for improvement, which they might not have recognised without such exposure. So for one student, 'Let's sum up, this was a wonderful experience for me . . . I learned a lot both personally and professionally and plan to use this knowledge to better myself' (Group 2, Student 3). The importance of student recognition of and development of skills to establish professional credibility was clearly articulated through the student reflections, which differed in this respect from those undertaking the alternative case study assessment.

The reflections and client feedback also exposed some areas, in which students might be better prepared to undertake a similar task, which will be addressed in future iterations of the module. The findings add support to the view that students need to establish credibility which results from a blend of skills rather than a focus on individual skills (Jones, 2014). Whilst in both cycles the experience was offered to all and we had anticipated being inundated with requests, this was not the case, and most of the class decided to remain within their comfort zone. Initially, we had attributed this to the formative nature of the experience, but it was also the case in the second cycle where we made the task summative to reflect the significant effort involved.

Conclusion

Active learning in the form of an audit experience offers a promising route to developing the blend of important student skills required to establish professional credibility. Students' reflections captured their enthusiasm for workplace exposure in this manner. The students self-identified similar strengths and weaknesses as the clients indicating that the process of reflection made them more self-aware.

Action research is not yet a mainstream methodology within Business Schools, however the adoption of an action research methodology to support scholarly activity in Business Schools is encouraged by the accrediting bodies, such as the Association to Advance Collegiate Schools of Business (AACSB). It is likely to be considered more frequently as a method within the business disciplines as Business School accreditation becomes more prevalent. It enables those engaged in teaching activities to devise a means to make changes in teaching, and for them to be reviewed systematically by incorporating informed changes to the curriculum and evaluating the impact of those changes (Paisey and Paisey, 2005). In so doing this approach enables continual improvements to be made in practice.

The most noticeable limitation is the scale of the study. However, whilst the study was small this is not unusual for action research projects, the Paisey and Paisey (2003) study, for instance, only involved 11 students.

Next steps and future planning

In future cycles of the module, the challenge might be to extend the experience such that it becomes a core part of the assessment for all students on the module. This would involve identifying and working with a significant number of local employers and arranging student meetings within a short window during the module. We would also focus more time on preparing students for a business experience, such as introducing themselves, having a clear agenda, and allocated lines of questioning, strategies for notetaking, to help them establish credibility with the client.

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